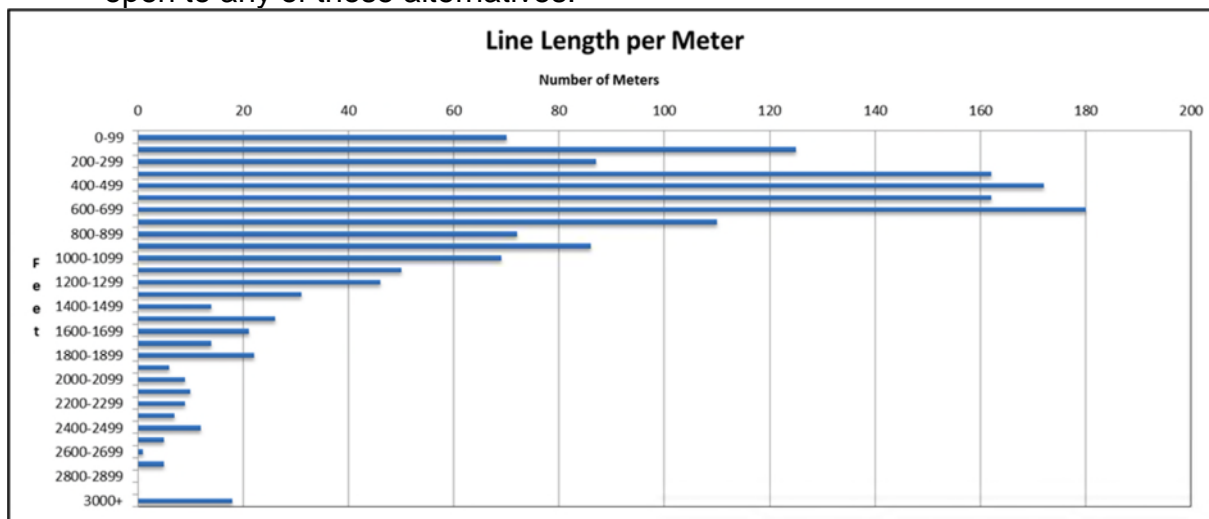


## **Attachment B**

### **Customer Questions**

#### **Procedural Questions**

1. What is BHE's requested start date? Once started, what is the proposed project schedule including the estimated completion date?
  - a. Response: BHE proposes to begin testing and replacement in the spring of 2017 and to complete the project in the fall of 2021. BHE plans to test, and if the lines require replacement, to replace, approximately 350 customer-owned fuel lines per year.
2. How did BHE come up with the two proposals: 1) 1,000 ft. at no cost or 2) entire line replacement with cost sharing?
  - a. Response: BHE initially calculated the cost impact of the proposal assuming all of the estimated 1.36 million feet of line would be replaced. As part of its analysis, BHE graphed the frequency of line lengths based on a survey conducted in 2013; that graph is shown below. The 1,000-foot limit was chosen for the cost sharing proposal because, as the graph shows, most of the lines (approximately 80 percent) are 1,000 feet in length or less. BHE considered 1,200, 1,500 and 2,000 foot limits and is open to any of those alternatives.



3. How will this work for easements over properties that have been split into multiple parcels?
  - a. Response: BHE has proposed that the farm tap customer should obtain property rights, either in the form of an easement or contract, from adjacent landowners so BHE can access the entire fuel line for testing, replacement and maintenance.
4. What is the percentage of lines that are over 1,000 ft.?
  - a. Response: Approximately twenty percent of the lines are longer than 1,000 feet in length.

5. Who determines whether BHE pays the full cost of any replaced lines or whether BHE only pays for 1,000 ft.? If it is determined that BHE will pay for 1,000 ft. of each line that is replaced, how will that affect the owners of any lines that are over 1,000 ft.?
  - a. Response: BHE has proposed two alternatives to the Board and has asked the Board to determine whether fuel line owners should share the cost of line replacement. If the Board approves the cost sharing proposal, the owners of lines longer than 1,000 feet will pay for some of the replacement costs. For example, under the shared payment proposal, the owner of a 1,500 foot fuel line would pay \$5,000 (500 feet x \$10 per foot).
6. Do farm taps currently have GPS coordinates? Can public safety officials have access to the coordinates so that emergency responders know where a line is in emergency situations?
  - a. Response: BHE has the GPS coordinates of the Northern Natural Gas farm tap locations, which are usually in farm fields, but does not have the coordinates of the customer premises. The GPS coordinates have already been filed in this docket and shared with emergency responders.
7. If a customer has already replaced his or her line and paid a substantial amount out of pocket, will BHE compensate the customer? If so what will be the amount of the compensation? If not, will that be a loss to the customer once BHE takes over the line?
  - a. Response: In its amended application, BHE proposed to pay \$5 per lineal foot for any customer-owned line that passes the pressure test, is constructed of approved materials, has a tracer wire that will allow BHE to accurately locate the line, and the customer can provide documentation to prove the line is five years old or newer.
8. Why does BHE want to take lines away from the customers if they are the customers' responsibility and the customers have taken care of them for the last 30 years?
  - a. Response: BHE management wants to improve safety of these lines and minimize the risk of injury and loss to our customers, employees and the general public. BHE cannot maintain natural gas lines if it cannot locate them and ensure the lines are constructed of approved materials. BHE does not wish to take any assets from customers. BHE's proposal is to require that natural gas service to farm tap customers can be continued only if the lines pass the tests stated above. Once the lines have been tested and validated as meeting the suggested standards, BHE's intent is to ensure all lines remain safe going forward by conducting scheduled maintenance and testing, and by keeping records which are audited by Board technical staff. Lines owned by BHE are required to comply with BHE's Board-approved Operating and Maintenance Plan, and any line additions or changes will be documented and construction completed in

accordance with required safety standards. BHE expects these standards to become more stringent and costly due to anticipated changes in Federal safety codes.

9. How is it fair to require customers to pay to replace farm tap lines when someone else is getting the benefit?
  - a. Response: All customers, not just farm tap customers, benefit as a result of the safety objectives served by the replacement of farm tap lines as proposed by BHE. BHE also believes that socialization of the costs of securing such benefits has been an established regulatory principle for decades. In customer comment meetings, BHE responded to this question by noting that when obsolete pipes in towns across BHE's service territory have been replaced, the cost was included in BHE's cost of service in the company's next rate review. In other words, all customers have paid for system replacements in their rates. BHE also noted that farm tap customers have paid for asset replacements in other communities across the state since at least the early 1990s, through General Service rates.

## **Program Questions**

1. How often will BHE test the lines?
  - a. Response: BHE proposes to test twenty percent of the customer-owned fuel lines per year for five years. After the five-year period, BHE will test the lines as required in the BHE O&M Manual.
2. How will BHE locate the line?
  - a. Response: BHE locates underground lines by running an electrical current through the line and using a testing device to locate that current.
3. If a line doesn't have tracer wire, do they need to be replaced or can the customer run a tracer wire for the existing line if he or she knows its location?
  - a. Response: Plastic lines without a tracer wire will need to be replaced. A tracer wire cannot be added to underground lines.
4. What types of pipe are acceptable and considered to be in good working condition? What type of pipe will BHE be using for line replacements?
  - a. Response: Welded, coated and cathode-protected wrapped steel and polyethylene plastic are approved, acceptable materials for natural gas service or fuel lines. BHE will replace substandard lines with high density polyethylene pipe.
5. What is prompting BHE to want to take ownership of customer lines?
  - a. Response: BHE's goal is to improve safety. The company cannot locate, maintain and register the lines in the One Call database unless they are owned by BHE.
6. How many farm taps are affected in Iowa?
  - a. Response: BHE serves approximately 1,500 farm taps in Iowa.
7. How does BHE know whether customer lines are bad?
  - a. Response: BHE needs to pressure-test and excavate a portion of each line to determine whether it meets current safety codes.
8. Can someone run a new line off the tap if they wish to do so?
  - a. Response: If this proposal is implemented, all new lines would be installed by BHE. If the customer desires additional fuel lines to serve other buildings, BHE will work with the customer to construct the extension on a time and material basis.
9. How many lines under 1,000 ft. does BHE estimate need to be replaced?
  - a. Response: BHE does not know how many or what percentage of the lines need to be replaced. The company's field technicians, however, have estimated that 60-90 percent of the lines will need to be replaced.

10. Does this proposal affect more residential lines or farmland lines?
  - a. Response: This proposal affects customer-owned lines in rural areas. There are no farm taps within the towns BHE serves. Most of the farm tap lines are used for residential service.
11. Will BHE replace the regulator that comes off the tap as part of this proposal?
  - a. Response: Replacement of the regulator depends on its condition. If the regulator needs to be replaced, it will be.
12. Can the replacement line address property design changes?
  - a. Response: Yes, BHE will work with landowners to run the replacement line in a mutually agreeable path. If the customer requests a path that is materially longer than what BHE proposes, BHE believes it would be appropriate for the customer to pay for the additional cost.
13. Would BHE be willing to run a second line to an adjacent property where a customer's land has been subdivided?
  - a. Response: Yes, if the projected additional revenue from the second premises will cover the additional cost. This is required under BHE's line extension tariff. However, if the Board wishes to encourage rural growth and directs BHE to provide these extensions without using the feasibility model, BHE will do so.
14. If a customer currently has a residential line but would like a second line run to a large grain dryer, could that be handled in this proposal?
  - a. Response: Yes, BHE is willing to make these extensions if the farm tap can accommodate the additional load.
15. If BHE replaces the line, will they also replace the meter?
  - a. Response: The meter at the farm tap is owned by Northern Natural Gas, so it will not be replaced as part of this proposal. BHE has been asked by some customers to place a second meter at the customer premises, and the company is willing to do so at the time of line replacement.
16. BHE's proposal states that it will be pumping the pressure up to 100 lbs. How is that possible when the lines are less than 18 lbs. at the outlet?
  - a. Response: BHE will connect a compressor to the line and inject air into the line to achieve the higher pressure. The pressure reference means regulators are used to reduce pressure to the level required for the type of service provided. It should be noted that BHE typically provides either 10 or 30 lbs. of operating pressure to these lines; 18 lbs. pounds of pressure is not used as an operating pressure.

## 65.2 TEST FOR SERVICE LINES

### 65.2.1 PLASTIC SERVICE LINES

- A. Test Pressure: The test pressure must be at least 150% of the maximum allowable operating pressure or 90 psig, whichever is greater. However, the maximum test pressure cannot be more than three times the design pressure of the pipe (reference O&M 74.1.2 for design pressures). [192.513(c)] [192.619(a)(2)(i)]
- B. Test Duration: Plastic service lines will be tested for the duration in the table below. [Taken from MI192.511]

Pressure Test Duration Requirements for Plastic Service Lines				
Pipe Size (inches)	10 minutes	1 hour	4 hours (Chart Required)	8 hours or overnight (Chart Required)
Less than 2	< 500 feet	500-1000 ft	> 1000 ft	
2-6		<1000 ft	1000-2500 ft	> 2500 ft
8 and over		<500 ft	500-1000 ft	> 1000 ft

17. Why does BHE prefer to limit line replacements to 1,000 ft. rather than the entire length of the line?

- a. Response: BHE is not suggesting it will replace only 1,000 feet of customer-owned fuel line. If a line needs to be replaced, BHE proposes to replace the entire line. BHE proposed two alternatives for cost recovery: under one proposal, BHE would pay for the entire cost of the line replacement; under the other, BHE would pay for the cost of 1,000 feet, and the customer would pay for the cost of the remainder of the line.

18. Is there a line extension option for customers who have already replaced their lines?

- a. Response: Yes. BHE proposes to purchase recently replaced lines (those replaced in the last five years that pass pressure tests, have a tracer wire and are constructed of approved materials) at \$5 per lineal foot.

## Rate Questions

- How does the potential \$1 per month rate increase benefit elderly customers living on fixed incomes who are struggling to pay their bills currently?
  - Response: The BHE proposal includes a surcharge that would begin after the company's next rate review. BHE did not attempt to resolve rate design issues, including the impact on those with fixed incomes, at this time because those issues can and will be addressed in the next rate review. BHE is open to recovery methods other than fixed charges.
- Will BHE collect the proposed cost over five years?
  - Response: BHE proposes holding the costs in a regulatory account until the next rate review, following which the costs will be recovered over a 36-month period. BHE is open to other recovery alternatives so long as the company fully recovers its costs.

3. Will the cost of this proposal be recovered through a temporary or permanent surcharge?
  - a. Response: BHE proposes a temporary 36-month surcharge for recovery of the costs of this proposal.
4. How often are BHE's rate reviews conducted?
  - a. Response: BHE and its predecessor companies filed applications for rate reviews in 1992, 2002, 2005, 2008 and 2010.
5. For an apartment complex, would the surcharge be \$1 per month for the entire complex or \$1 per month per customer?
  - a. Response: The surcharge has been estimated to be \$1 per month per meter. If the apartment complex has one meter for each apartment, then each customer would pay the surcharge. If the complex has one meter serving all the apartments (because the natural gas service is included in rent or if the complex has a third-party billing service that allocates the bill to each unit), then the surcharge would be spread among all units.
6. When will customers pay for this proposal, right away or later?
  - a. Response: Please refer to the response to question 2 on page 6.
7. Why should all customers have to pay \$1 per month for something that does not benefit them?
  - a. Response: Please refer to the response to question 9 on page 3.
8. If my line is less than 1,000 ft. is this proposal free to me?
  - a. Response: There would be no up-front or direct charge to the customer who owns the line for the line replacement, but the costs will be recovered from all customers through higher rates and a 36-month surcharge after the company's next rate review. In years 1-3 after BHE's next rate review, a surcharge will recover the capital cost and depreciation incurred between the in-service month of the replacement until the conclusion of the case. In the next rate review, the fuel lines will be included in net plant, so rates will go up slightly as a result of these investments.